GOVERNMENT OF INDIA
FINANCE
LOK SABHA

STARRED QUESTION NO:487
ANSWERED ON:22.12.2000
MANIPULATION IN STOCK MARKET
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Will the Minister of FINANCE be pleased to state:

(a) whether the Government are aware that the Foreign Institutional Investors (FIIs) areengaged in manipulating the stock market with the help of big brokers;

(b) if so, the details in this regard with the names of FIIs and brokers;

(c) whether an inquiry was conducted in this regard;

(d) if so, the outcome thereof;

(e) if not, the reasons therefor; and

(f) the steps taken by the Government to check such manipulation in stock market?

Answer

MINISTER OF FINANCE (YASHWANT SINHA)

(a) : The Securities and Exchange Boardof India (SEBI) has intimated that the stockexchanges are required to undertake analysis of trading of scrips that show abnormal trends and take necessary action, wherever required. According to SEBI, there has been no manipulation of the stock market by Foreign Institutional Investors (FIIs).

(b) to (e): Do not arise.

(f): To ensure safety and integrity of the markets, SEBI has put in placeseveral surveillance and risk containment measures. The risk containment measures include capital adequacy, margining system, exposure controls and price bands. The surveillance measures implemented include the stock watch system, an automated on-line system at the stock exchanges level, which is expected to enhance surveillance capabilities and facilitate prompt detection of potential market abuse activities. The exchanges are required to analyse the trading of shares that show abnormal trends and take necessary action wherever required. In suitable cases exchanges also refer the matter to SEBI.